

Wednesday, June 16, 2010, 11:19 am

REQUESTOR: 2206-2411  
ARCHIVE HISTORY TRANSCRIPT  
HISTORY INFORMATION

Name: JSBR INVESTMENT LLC

TIN: 20-4076959

ACTION DATE: 04/15/2008 SYSTEM DATE: 04/15/2008 CONTACT: OTHER CREATE ID: 22062411

ATTEMPTED CONTACT  
GENERAL HISTORY

ATTEMPTED CONTACT

RESULTS:

Received a phone message from Steve Lynch - he had called RO Grimm and was referred to me. He did not state what the call concerned

ACTION DATE: 04/17/2008 SYSTEM DATE: 04/17/2008 CONTACT: PHONE CREATE ID: 22062411

PUB 594 VERIFIED  
TP/POA CONTACT  
PUB 1 VERIFIED  
ADV OF 3RD PRY CONTACT  
PUB 1660 VERIFIED

TP/POA CONTACT

RESULTS: received call from Steve Lynch

PUB 1 VERIFIED

It was previously received by TP/POA.  
Provided explanation of contents on 04/17/2008.  
No taxpayer questions.

PUB 594 VERIFIED

Provided explanation of contents on 04/17/2008.  
No taxpayer questions.

PUB 1660 VERIFIED

Provided explanation of contents on 04/17/2008.  
No taxpayer questions.

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Received several phone messages and pages from Steve Lynch - returned them as they came in but we played telephone tag for 2 days. Finally spoke to him today.

The purpose of his call was to discuss his 2006 refund that was applied to back civil penalties. I explained my position, that we applied the money as it was designated. Of course, his position was that we misunderstood what he meant, but he did agree that his designation made it appear that the money was to be applied to Alder Street, which is exactly where we applied it.

I attempted to discuss his other cases, specifically the pyramiding liabilities for ASMC Investment LLC, Iceoplex at Southpointe, and JSBR Investment LLC, but he was very evasive, stating he didn't have access to the information at this time - I specifically requested the name or names of the owners of the LLC's, and whether they were single or multi member. He could not (or would not) provide this information. He did, however, state that none of these entities had any payroll for 2008. When I asked him if he had any other entities for 2008 that were not making their timely tax deposits, he said he didn't know. He is well aware that the lien and final notice must be filed in the name of the member - he referenced the incorrect liens that were filed and withdrawn.

Because he was so evasive and refused to answer questions at this time, the initial contact was very brief - I was unable to secure most of the information needed per the pick list - cause and cure, compliance etc. He requested a meeting so that we could review all of the entities - I told him that I was meeting with our attorneys next week, and I would schedule the appointment after that meeting. (My meeting with Julia Wahl is April 25)

He has received all the publication - Pub 1, 594, 1660 and has exercised his appeal rights on numerous occasions, so there were no questions to discuss today.

He requested transcripts of his personal accounts and I agreed to send them.

Secured transcripts for all 1040s 2002-2006 and all civil penalties - mailed to tp

ACTION DATE: 04/25/2008 SYSTEM DATE: 04/25/2008 CONTACT: OTHER CREATE ID: 22062411

GENERAL HISTORY

met with counsel

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Name: JSBR INVESTMENT LLC

TIN: 20-4076959

ACTION DATE: 04/30/2008 SYSTEM DATE: 05/01/2008 CONTACT: OFFICE CREATE ID: 22062411

PUB 594 VERIFIED  
TP/POA CONTACT  
DEADLINE GIVEN  
PUB 1 VERIFIED  
ADV OF 3RD PRY CONTACT  
PUB 1660 VERIFIED

TP/POA CONTACT  
RESULTS: meeting with Lynch abnd Julia Wahl

PUB 1 VERIFIED  
It was previously received by TP/POA.  
Provided explanation of contents on 04/30/2008.  
Answered questions on 04/30/2008.

DEADLINE GIVEN  
DATE DUE: 06/04/2008  
ACTION: meeting - tp to provide documents  
CONSEQUENCES: summons

PUB 594 VERIFIED  
Provided explanation of contents on 04/30/2008.  
Answered questions on 04/30/2008.

PUB 1660 VERIFIED  
Provided explanation of contents on 04/30/2008.  
Answered questions on 04/30/2008.

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[REDACTED]

Yesterday, we met with Lynch for 3 hours. He presenting a large package, indexed for all the exhibits for checks issued, letters, agreements etc and we reviewed every page.

[REDACTED]

He also presented a long list of payments - per Julia's direction, I will trace all of these payments to make sure he was given credit for them as designated payments.

We discussed a lien that was recorded in Allegheny County against SJL-DLR Enterprises, Steven Lynch partner. This lien was erroneously filed in March 2004 when it was believed that Lynch was the liable for the payment of the taxes for SJL-DLR by nature of his partnership being the single member of Alder Street. This was later determined to be incorrect (see earlier history) and the lien was withdrawn in Washington County but not Allegheny County. I will need to research and request this withdrawal.

Lynch believes that once he is given credit for all the "misapplied" payments, he will owe nothing. He wants the lien released now - we explained that, even if the payments are credited to his accounts, there may still be interest due, and the liens will not be released until fully paid. He stated he will pay this interest.

After the agreement was reached pertaining to the open litigation, I attempted to discuss the current liabilities still unpaid. I provide him with Pub 1, 594 and 1660 - he has received on several occasions and had no questions. Lynch had absolutely no information, claiming he could not, off the top of his head, answer questions concerning who were the owners of the various LLCs during the periods at issue. Julia asked him why he had so many changes in his entities and his response was that it was complicated.

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Lynch then began to complain that a previous RO had appeared at his office unexpectedly and began asking questions and showing his credentials, when that person should have been dealing with him. He's claiming harassment. He also reiterated his position that our regulations concerning the single member disregarded entity issue for LLCs is against the law, and that our regulations concerning this caused all the problems. I pointed out that this entire problem was caused by his failure to pay his taxes when they were due. I also explained that, when we can't secure information to resolve the liabilities from the taxpayer, we contact third parties.

He questioned me on my refusal to abate the penalties on one of his entities, when the previous RO had already agreed that they would be abated. I told him that we, as revenue officers, don't have the authority to determine to abate penalties - the group manager must agree, and the previous RO did not submit this to the manager. We do, however, have the ability to deny the abatement, since the taxpayer is afforded appeal consideration. When I reviewed the case, I did not feel that abatement was warranted, and issued the letter accordingly. He then asked why I made that decision - I explained that he had numerous outstanding liabilities that were continuing and that I had located a letter from Appeals denying abatement on other similar penalties. He asked me if I considered the hardship issue - I told him that I followed our criteria, and that I normally didn't consider hardship since these were employment taxes withheld from employees pay, but that is why he is afforded appeal rights. He cited a Third Circuit case and asked me if I wasn't required to follow it - again, I told him that I was not aware of the case, but I use our criteria - again, he was afforded his appeal rights. The letter I sent him concerning the denial of the abatement allowed him 15 days to respond - that 15 days has expired. His next step if he chooses to pursue this is to pay the penalties and file a claim. He made it clear that he does not believe Appeals will give him proper consideration on any issue and will pursue if necessary through the courts.

I attempted to discuss compliance - the only information he would provide was that none of the entities currently assigned to me have employees after Dec. 2007 - his employees have all been consolidated under the Bodytech entity, using that EIN but the name had changed to SRA Services LLC. I told him that I found no current deposits for 2008 under that Bodytech number - he said he would have to check on this to make sure his information was correct.

He did explain the name used on our Body tech accounts for Katherine Lewis as the member. Lewis had the original business and still has other locations - however, she has nothing to do with the operation of Bodytech at Southpoint.

Although he had no information today concerning the current liabilities, I was not in a position to make an issue of this - this was Counsel's meeting, not one that I had arranged. We agreed that we would meet on June 4 in my office and he will provide all necessary information. I told him that I would be preparing a list of all the information needed (9297) and would mail it to him. [REDACTED]

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PUB 594 VERIFIED  
CAUSE AND CURE  
TP/POA CONTACT  
PUB 1 VERIFIED  
PUB 1660 VERIFIED

TP/POA CONTACT  
RESULTS: see history

PUB 1 VERIFIED  
It was previously received by TP/POA.  
Provided explanation of contents on 06/04/2008.  
Answered questions on 06/04/2008.

CAUSE AND CURE  
RESULTS: see history

PUB 594 VERIFIED  
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This history is for the meeting held with Steven Lynch on Wed, June 4th. The meeting was held Wed morning but I had another field call that afternoon, preventing me from completing the documentation that day. The payments secured on Wed were posted that day, and letters advising of the remaining amount due were also mailed as requested on 6/4, but there was no time to complete the detailed history documentation. On Thurs/Fri. June 5/6 I was on an overnight field call to Chambersburg, so this is the first opportunity to address this history.

Steven Lynch and his assistant, Katarina Krajina attended the meeting. Lynch brought in a list of items to be addressed; primarily concerning the 9297's issued after our last meeting. We addressed each case - he provided substantial payments on some: He blamed cash flow for all non payment.

**JSBR Investment LLC:**

He provided cashiers check for 45,134.12 to be applied to all payroll taxes for 01/200709 and some penalty and interest - remaining bal due will be made on 6/11.

He provided cashiers check for 42,444.80 to be applied to all payroll taxes for 01/200712 and some penalty and interest - remaining bal due will be made on 6/11.

He provided a cashiers check for 3159.03 to be applied to payroll taxes for 10/200712 - balance due will be paid on 6/11

He did not provide the CIS or the copies of bank records because he will be paying these in full within the week.

Per the notes he provided, this was a single member during 2007, with Steven Lynch the only member. Wages ceased in Dec 2007, but the business is still operating. As of Jan 2008, it became a multi-member, with SRA Investment LLC and SRA Investment Company the members. Steven Lynch was the only person controlling the finances - responsible for the TFRP (moot point since all taxes are now paid).

**Iceoplex at Southpointe LLC:**

He provided a cashiers check for 26,340.30 to be applied to payroll taxes for 01/200709, and some penalty and interest - bal due to be paid on 6/11.

He provided a cashiers check for 27,701.39 to be applied to payroll taxes for 01/200712, with bal due to be paid on 6/11

He did not provide CIS because he had already given one to the Washington group. I explained that these are only good for 1 year - his is outdated and

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must be completed. He is still arguing the legality of our assessments on this entity. He also did not provide the copies of the bank records - again arguing the legality. Since the taxes are paid, we no longer need the bank records for the TFRP.

As of 1/1/07 this entity was a multimember LLC, with SRA Investment LLC and SRA Investment Company the members. For 2006 and prior, it was a single member, with Southpoint Rink Associates LP as the only member.

ASMC Investment LLC:

He provided a cashiers check for 25,644.45 to be applied to payroll taxes for 01/200709, with some penalty and interest paid. The remaining amount will be paid on 6/11.

He provided a cashiers check for 30,547.93 to be applied to payroll taxes for 01/200712, with some penalty and interest paid - the bad due will be paid on 6/11.

He provided a cashier's check for 713.34 to be applied to 940 taxes for 200712, with balance due paid on 6/11.

He did not provide the CIS because he will be paying these in full. He also did not provide the copies of bank records for the same reason.

This entity was always a multi member, with SRA Investment LLC and Steven Lynch the members.

Bodytech at Southpoint LLC - name changed to SRA Services LLC as of Jan 2008. Same EIN,

He provided a check for 305.31 to be applied to penalties and interest for 01/200712.

He provided a check for 675.77 to be applied to penalties and interest for 01/200709.

He provided a check for 644.38 to be applied to penalties and interest for 01/200706.

He provided a check for 693.18 to be applied to penalties and interest for 01/200703

He provided a check for 299.83, to be applied to penalties and interest for 01/200612

As stated above, this entity is now called SRA Services LLC and now employs all of the people formerly covered by all the other entities. This is now the only entity with employees.



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He provided a cashiers check for 102,016.86 to fully pay the taxes due on the 01/200803 return. This return was filed but it has not been processed yet. He also provided an amended return for this period - there was an error on the first return. This amended return will be submitted for processing after the first return posts.

He did not provide the CIS or copies of checks because all taxes are now paid for this entity.

This was always a multimember entity - the current members are SRA Investment LLC and SRA Investment Company. The former members were Steven Lynch and Kadee Lewis

With the payments received on Wed, June 4, all payroll taxes should now be paid, - no additional TFRP is required. Lynch requested I provide him with updated payoff figures completed to June 11, and he will provide payment. Letters advising him of the balanced due were sent to him on June 4 as requested.

We discussed my request for copies of the ban records for ASMC Holding - he told me refused to provide any of these records because I was in violation of the court order attempting to collect this money. I explained to him that I wasn't requesting this information to enforce collection against this entity - I'm fully aware of the court order. I was requesting this information to pursue a possible alter-ego against this entity since all the payments made last year were from one bank account titled in the name of Alder Street Management Co. I think this surprised him and he agreed that he could see how this would appear. However, since all the taxes are being paid, this should no longer be an issue.

We also discussed the prior concerns for his liens etc - I explained that the lien unit was correcting the liens and his name should be removed shortly. In addition, per my discussion with Julia Wahl, we will be issuing a withdrawal of the liens filed for his TFRP assessments. I explained that, although I can't be sure that every penny has been paid (once the credits post to the correct entities we will know for sure), we are going to issue a withdrawal of the liens now. I will be requesting this within the next week, although Advisory will have to process this so I can't give him a time frame.

